



OFFICE OF THE CLERK/TREASURER

City of Burlington

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MEMORANDUM

TO: Retirement Board

FROM: Bob Rusten, Chief Administrative Officer
Rich Goodwin, Director Financial Operations
Stephanie Hanker, Retirement & Liability Insurance Administrator

DATE: August 17, 2016

RE: Request to send out Formal RFP for Pension Software

Overview

The Clerk Treasurer's Office formally request the Board of Trustees of the Burlington Employees Retirement System (BERS) to approve to formal request proposals in procuring an integrated membership tracking, benefits calculator and disbursement system also known as a Defined Benefit Administration (Software) System (BAS). The new system will replace the current semi-manual custom built Microsoft Access Database used to track pension data. The City anticipates that the BAS will be a significant upgrade which will deliver integrated Microsoft Windows cloud based solutions, enhanced security services, provide more functionality, and eliminate many of the manual processes that are performed today. In addition, it is the Clerk Treasurer's opinion that such system will in essence pay for itself over a three year time pay for itself due to reduced (or no increased) actuary costs as well as provide additional efficiencies highlighted in this memo.

Background Information

The retirement funds provide service retirement benefits as well as death and disability benefits to a population of contributory and non-contributory members and their beneficiaries. The plan covers eligible members employed in the general administrative service of the City and certain non-teacher employees of the Burlington City Public School District. As of June 30, 2016, the BERS membership consisted of the following:

Membership Category	BERS	
Retirees and Beneficiaries Receiving Benefits	700	
Terminated Members Not Yet Receiving Benefits	400	
Active Plan Members	1,135	
Total Membership	2,235	

Copy of the plan summary is available on the City of Burlington's Code of Ordinances in Chapter 24. The Code can be found here: <https://www.codepublishing.com/VT/Burlington/>

BERS currently services its members using various systems, both computerized and manual. At the

core of this is a 3 plus year-old, Microsoft Access Data 'Pension Tracking System' hosted on the mainframe by the Department of Information Technology. Other computerized components include Tyler Technologies' New World (NW) Financial payroll system which supplies payroll data for some active members and payroll data from other City of Burlington departments not paid from NW for the remaining active members.

Here are the benefits of a Hosted Pension Administration Software System (HPAS)

- The HPAS will become a central repository of our member's and retiree data. The data will travel with the members through active membership through retirement and beyond. This will help bridge, standardize, and maintain retirement data for the City, BED, and the Burlington School District.
- The HPAS will be a stable, and secure technical foundation in which the pension fund can build upon in order to keep in line with the changing needs of the membership.
- Many HPAS's are stored within a Statement on Standards for Attestation Engagements (SSAE16) is an auditing standard for service organizations. Service Organization Control (SOC), which is a series of accounting standards that measure the control of financial information for as service organization that provides for a test environment which helps provide greater protection for the members/retiree's personal identifiable information. This tool will facilitate the audit as it provide security, availability, processing integrity confidentiality, or privacy.
- The HPAS can interface with various third party software applications utilized by different entities and agencies throughout the city such as active payroll, retiree payroll, accounting, human resources, workflow, and document management applications.
- Integration with the third party software applications will help streamline a secure channel of information flow while minimizing data input errors and redundancies.
- The HPAS will also allow the pension fund to communicate more easily and securely with external entities such as Actuaries, Auditors, Insurance Companies, Banks, Credit Unions, and other state/ local agencies. This will provide an opportunity for reduced fees, and efficiencies.
- The HPAS will become the central hub of the pension fund's disaster recovery plan. Data is backed up nightly by hosting provider and therefore, during catastrophic events the pension fund will still be able to provide service to its membership.
- Many HPAS systems will also maintain electronic documents. If the pension fund's documents are stored within the HPAS this will provide for more seamless business continuity planning for the fund.
- An HPAS that contains defined functionality processes will be very valuable during cross training of administrative responsibilities which is very crucial during staff emergencies and worker turnover.
- The HPAS will provide a platform for a Member/Retiree Self Service Portal. Members will be able to validate and their data and utilize a calculation projection model to plan for their financial future. Retirees will be able to view benefit checks, 1099 information, download up to date income verification statements and social security documents. This is a service we owe, and should provide to our employees, and retirees. A higher level of service is obtainable, and needed.

- The Member/Retiree Self Service Portal will be the cornerstone of communication between the pension fund and the membership.

We formally request that a Request for Proposals be sent out for a software pension system that will allow for stronger reporting, automation of tasks, and provide a tool that will help support or active employees eligible for retirement, and our existing retirees.